

## Message Text

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ACTION EUR-12

INFO OCT-01 EA-09 ISO-00 CIAE-00 DODE-00 PM-04 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02

SS-15 USIA-15 AID-05 COME-00 EB-08 FRB-01 XMB-04

OPIC-06 LAB-04 SIL-01 OMB-01 /108 W

-----182037Z 123642 /44

R 181221Z APR 77

FM AMEMBASSY ROME

TO SECSTATE WASHDC 4043

TREAS DEPT WASHDC

INFO AMEMBASSY BONN

USMISSION BRUSSELS

AMCONSUL FLORENCE

AMCONSUL GENOA

AMEMBASSY LONDON

AMCONSUL MILAN

AMCONSUL NAPLES

AMCONSUL PALERMO

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY TOKYO

AMCONSUL TRIESTE

AMCONSUL TURIN

UNCLAS ROME 6260

PASS FRB

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: ITALIAN PRESS REPORTS APPROVAL OF GAB BORROWING FOR IMF  
STANDBY AND EXPECTED APPROVAL OF EC CREDIT

1. ON APRIL 17 ITALIAN PRESS REPORTED RESULTS OF PARIS MEETING  
OF G-10 DEPUTIES INCLUDING APPROVAL OF ACTIVATION OF GENERAL  
ARRANGEMENTS TO BORROW TO FINANCE PART OF EXPECTED NEW SDR  
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450 MILLION IMF STANDBY CREDIT TO ITALY. FINAL APPROVAL OF  
CREDIT IS EXPECTED AT IMF BOARD OF EXECUTIVE DIRECTORS  
MEETING ON APRIL 25. CHAIRMAN OF G-10 DEPUTIES, JACQUES DE  
LAROSIERE, AT POST-MEETING PRESS CONFERENCE, INDICATED THAT  
ITALIAN STABILIZATION PROGRAM HAD BEEN DISCUSSED AND WAS GIVEN  
FULL SUPPORT BY G-10 DEPUTIES. ACCORDING TO DE LAROSIERE, GOI  
AGREEMENT WITH IMF WAS BASED UPON ACCORD REACHED BY GOI WITH

ABSTENSION PARTIES AND WITH LABOR UNIONS, WHOSE COOPERATION WOULD BE INDISPENSABLE FOR FURTHER NEGOTIATIONS WITH IMF REPRESENTATIVES ON IMPLEMENTATION OF PROGRAM.

2. DEPUTIES REPORTEDLY AGREED ON BORROWING OF SDR 337.5 MILLION FROM GAB PARTICIPANTS, AS FOLLOWS:

|               |                   |
|---------------|-------------------|
| BELGIUM       | 16.0 MILLION SDR  |
| CANADA        | 16.0              |
| FRANCE        | 35.0              |
| GERMANY       | 82.5              |
| JAPAN         | 62.0              |
| NETHERLANDS   | 20.0              |
| SWEDEN        | 8.0               |
| UNITED STATES | 98.0              |
| -----         |                   |
| TOTAL         | 337.5 MILLION SDR |

IN ADDITION, SWISS NATIONAL BANK WILL MAKE AVAILABLE SDR 37.5 MILLION AND FUND WILL DRAW UPON ITS OWN RESOURCES OF SDR 75.0 MILLION.

3. PRESS REPORTS THAT ITALIAN DRAWINGS UNDER IMF STANDBY WILL BE IN THREE UNEQUAL TRANCHES. OF UNSPECIFIED AMOUNTS. FIRST TRANCE WOULD BE AT END 1977, SECOND IN JULY 1978 AND THIRD (REPORTEDLY TO BE FINANCED FROM SDR 75 MILLION OF IMF'S OWN RESOURCES) WILL BE MADE AVAILABLE LATE IN 1978 IN ACCORDANCE WITH AGREEMENT YET TO BE REACHED BETWEEN IMF AND GOI.

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4. ITALIAN PRESS ALSO REPORTED ON FAVORABLE RECOMMENDATION BY EC MOMETARY COMMITTEE AT ITS APRIL 15 MEETING FOR NEW DLR 500 MILLION LOAN TO ITALY FROM EC. EC MINISTERS OF FINACE ARE EXPECTED TO APPROVE NEW LOAN AT THEIR MEETING ON APRIL 18 LOAN WOULD BE FINANCED FROM JOINT BORROWING BY EC IN EUROPAMARKET AND WOULD REPLACE REPAYMENT BY BANK OF ITALY TO BANK OF ENGLAND IN DECEMBER 1976 OF DLR 487 MILLION UK SHORT-TERM COMPONENT OF EC MEDIUM-TERM CREDIT. PRESS REPORTS THAT LOAN CONDITIONS TO BE ATTACHED TO EC CREDIT ARE EXPECTED TO BE SIMILAR TO THOSE ATTACHED TO IMF STANDBY AND MENTIOS THAT EUROPEAN PARLIAMENT WILL DEBATE EC LOAN TO ITALY DURING ITS SESSION OF APRIL 18-23 AS RESULT OF QUESTION RAISED BY ITALIAN SENATOR MICHELE CIFARELLI (ITALIAN REPUBLICAN PARTY).GARDNER

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## Message Attributes

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**TAGS:** EFIN, IT, IMF, EEC  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
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22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009